



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2011 Biennium

Bill #	HB0611	Title:	Revise deposit of school interest and income money
Primary Sponsor:	Jones, Llew	Status:	As Amended

- | | | |
|---|---|--|
| <input type="checkbox"/> Significant Local Gov Impact | <input type="checkbox"/> Needs to be included in HB 2 | <input type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input checked="" type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

FISCAL SUMMARY

	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>	<u>FY 2012 Difference</u>	<u>FY 2013 Difference</u>
Expenditures:				
General Fund	\$0	\$0	\$0	\$804,285
State Special Revenue	\$0	\$0	\$0	\$60,807,325
State Special Revenue (Transfer)	\$0	\$0	\$0	\$680,549
Revenue:				
State Special Revenue	\$0	\$0	\$0	\$61,487,874
State Special Revenue (Transfer)	\$0	\$0	\$0	\$680,549
Net Impact-General Fund Balance:	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>(\$804,285)</u>

Description of fiscal impact: HB 611 proposes to amend the law regarding the distribution of interest and income as detailed in 20-9-342, MCA. Any interest and income in excess of the amount generated in calendar year 2011 would be directed as described in section 1 of HB 611. The fiscal impact to the state general fund is expected to begin in FY 2013 and would total \$0.8 million in FY 2013 and \$2.0 million in FY 2014. Revenue estimates have not been forecast beyond that time.

FISCAL ANALYSIS

Assumptions:

1. Current law directs the deposit of all interest and income money, as defined in 20-9-341, MCA, into the guarantee account, provided for in 20-9-622, MCA, for state equalization aid.

2. HB 611 redirects any interest and income in excess of the amounts generated during calendar year 2011 would be deposited as follows:

Guarantee Account (20-9-622)	35 %
School Facility Improvement Account (20-9-516)	55 %
School Flexibility Account (20-9-542)	10 %

3. The following table shows the anticipated revenue by calendar year and the amount of revenue over the CY 2011 collections. The revenue estimates for CY 2011 are projections are based on revised HJR 2 estimates (02/18/2009).

	<u>CY 2011</u>	<u>CY 2012</u>	<u>CY 2013</u>
Interest & Income Revenue	\$57,496,759	\$58,734,121	\$60,534,277
Interest & Income above CY 2011		\$1,237,362	\$3,037,518

4. Beginning in FY 2012, HB 611 redirects 65% of the interest and income above the calendar year 2011 interest and income revenue into the school facility improvement account and school district flexibility fund rather than to K-12 BASE aid. To the extent that the interest and income is not used to fund K-12 BASE aid, the state general fund will need to reimburse the difference. The following table shows the distribution of the revenues in excess of the calendar year 2011 base:

		<u>CY 2012</u> <u>(Distribution</u> <u>in FY 2013)</u>	<u>CY 2013</u> <u>(Distribution in</u> <u>FY 2014)</u>
State Guarantee Account	35%	\$433,077	\$1,063,131
State School Facility Improvement Account	55%	\$680,549	\$1,670,635
School District Flexibility Account	10%	\$123,736	\$303,752
		<u>\$1,237,362</u>	<u>\$3,037,518</u>
Reduction in revenue to the Guarantee Acct		\$804,285	\$1,974,387

5. The reduction in anticipated revenue available for school BASE aid will grow by 65% of the regular growth on revenue or approximately \$1.0 million per year.

	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>	<u>FY 2012 Difference</u>	<u>FY 2013 Difference</u>
<u>Fiscal Impact:</u>				
<u>Expenditures:</u>				
Local Assistance (School District Flexibility Fund)	\$0	\$0	\$0	\$123,736
K-12 BASE Aid (Guarantee Account)	\$0	\$0	\$0	\$60,683,589
Transfer to Facility Improvement Account	\$0	\$0	\$0	\$680,549
TOTAL Expenditures	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$61,487,874</u>

Funding of Expenditures:

General Fund (01)	\$0	\$0	\$0	\$804,285
State Special Revenue (02) Guarantee Account	\$0	\$0	\$0	\$60,807,325
State Special Revenue (02) Guarantee Account (Transfer)	\$0	\$0	\$0	\$680,549
TOTAL Expenditures	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$62,292,159</u>

Revenues:

State Special Revenue (02) Guarantee Account	\$0	\$0	\$0	\$61,487,874
State Special Revenue (02) Facility Improvement Account (Transfer)	\$0	\$0	\$0	\$680,549
TOTAL Revenues	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$62,168,423</u>

Net Impact to Fund Balance (Revenue minus Funding of Expenditures):

General Fund (01)	\$0	\$0	\$0	(\$804,285)
State Special Revenue (02)	\$0	\$0	\$0	\$680,549

Long-Term Impacts:

1. HB 611 has no fiscal impact on the 2011 biennium, but will have growing effects on the amount of money going into the guarantee account in subsequent years as revenues increase over time.

Technical Notes:

1. Section 1 of HB 611 states that the board of land commissioners shall annually deposit an amount equal to the interest and income money generated in calendar year 2011 into the guarantee account . . . It would be possible in some year after calendar year 2011 that the amount of interest and income generated was less than the 2011 amount. The bill does not give direction what source of funding would provide the additional revenue.

*Sponsor's Initials*_____
*Date*_____
*Budget Director's Initials*_____
Date